

Benchmarks

PM-USA has established a series of benchmarks which we will use to monitor the success of our 1994 strategy and trigger corrective actions. Nielsen audits (6 week moving basis) will be used to determine shares, the discount growth rate and lowest deep discount pricing.

PM-USA SOM
Marlboro SOM
Basic SOC
Discount Category Growth
Private Label SOM
Lowest Deep Discount Price

43.5 (lower limit)
25.4 (lower limit)
15.3 (lower limit) 15.0
>2 pp annualized
9.0 (upper limit) 8.5
<\$1.25 per pack 1.32
or Marlboro price gap >50¢

Risks/Contingency Plans

Trigger

PM-USA SOM because OPB Weak

Action

Increase Promotion Spending

PM-USA SOM because PM Discount Weak

Initiate Price Promotion in Mainstream Outlets if Price Disadvantaged

Marlboro SOM from Premium Attack

Increase Promotion in Kind on Relevant Packings (e.g. Medium against Camel B1G1F)

Marlboro SOM from Discount Attack

Tactical Incentive/Product/Price Programs

Tactical Buy downs at Retail

List Price Reduction

Weak Basic SOC, but Discount Growth Rate Not Above 2 pp Annualized

Tactical Bonus Product Promotion

Discount Category Growth

Tactical Marlboro Buy downs at Retail

Initiate Price Promotion in Mainstream Outlets

Consolidate Discount Prices Down to Lowest Dead Net PL Level

Private Label Growth

Increase Price Promotion

Consolidate Discount Prices Down to Lowest Dead Net PL Level

Lowest Deep Discount Prices

Basic/Cambridge Tactical Programs

Consolidate Discount Prices Down to Lowest Dead Net PL Level

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